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ADM-2.4

TS 192409

Cy #3, Series A

11 December 1964

Mr. Kermit Gordon
Director
Bureau of the Budget
Washington D.C. 20503

Dear Mr. Gordon:

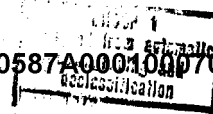
We have carefully reviewed the Bureau's proposed adjustments to the Fiscal Year 1966 budget levels for the Central Intelligence Agency and have assessed the impact of the proposed levels on Agency programs. As indicated in my letter of 3 December to the President, the Agency is making every effort to stabilize and if possible reduce both dollar and personnel requirements.

A reduction of [] in personnel dollars is consistent with this stated objective. However, it should be noted that the ceiling goals outlined to you in the Agency's Manpower Report of 19 September provided for flexibility to adjust to selective on-coming programs. The funding level contained in the Bureau's proposal would remove this important flexibility.

The additional personnel and funds provided in your proposal for the European and African communications expansions are in accord with our request to the Bureau on this matter. I continue to feel that assumption of these additional workloads in the interests of the national communications system should not compete for the dollars and manpower required for the primary Agency mission.

Certain other proposed project adjustments identified by your staff can be accommodated without critical consequence. Specifically I include in this grouping the []

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selected reductions in covert collection and some downward
adjustments in other general activities of the Agency. The
25X1 aggregate of these acceptable changes when deducted from our
initial NOA request of [redacted] and including provision for
25X1 a reduced replenishment of the Agency's Reserve permits a down-
ward adjustment of [redacted] to a new NOA of [redacted] 25X1
25X1 This amount provides for [redacted] for regular programs and
25X1 [redacted] for replenishment of the Reserve. Stated otherwise,
our minimum need exceeds the Bureau's proposed NOA for the
25X1 Agency by [redacted] including a budget revision of [redacted] to
accommodate plans to relocate certain Agency offices in buildings
in the Rosslyn area.

25X1 It should be noted that our proposed level incorporates funds
for Agency paramilitary capability against Cuba and the Congo, and
a reduced level for the development of [redacted] in our regular
program rather than deferring these items, as suggested by the
Bureau, for funding from the Reserve later next year. I feel most
strongly that where programs are clearly known at the time of a
budget submission to the Congress, the costs of such programs
should be included and defended in the Agency budget under regular
operations. They should not be deferred for funding from the Reserve.
To do so distorts and manipulates the true level of Agency operations
being submitted to Congress for authorization. If policy changes
Agency requirement for these programs, adjustments can be made
through the apportionment process next July.

25X1 The Bureau's proposed reduction of [redacted] from the
Agency programs of research on the Free World is not acceptable.
My responsibilities as Director of Central Intelligence require
that I continue within CIA a competency to do independent intelligence
analysis on any foreign area of the world. The revised NOA of
[redacted] includes funds to cover an adjustment upward of [redacted] 25X1
positions from the Bureau's personnel figures.

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I have not attempted here to comment on each detail of the Bureau's most effective review of the Agency budget. The Bureau's reviewing officer, Mr. Donald Smith, is to be commended for an extremely competent job and one that has been helpful to us as well as to the Bureau. For example, the Agency is taking action to further coordinate with State and AID on selected projects highlighted in the Bureau's review.

25X1 Recognizing that there are varied pressures on you in developing a responsible budget level for the total Government, I have instructed Mr. Kirkpatrick, my Executive Director, to take up with Mr. Amory the specific ingredients of our [] level as they relate to the Bureau's proposals. I assure you we wish to make every effort to reach a mutually agreeable understanding with respect to the Agency program which will keep our NOA request at minimum levels. Of course, I will be most pleased to meet with you personally on any of these issues should you feel it is desirable.

Sincerely,

(Signed) JOHN A. McCONE

John A. McCone
Director